
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in C Cheng Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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C CHENG HOLDINGS LIMITED
思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1486)

MAJOR TRANSACTION
DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY
AND
NOTICE OF EGM

A notice convening the EGM of the Company to be held at 6th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 22 September 2023 at 9:15 a.m., is set out on pages 36 to 37 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

6 September 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Bertrand”	Bertrand Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and a shareholder holding approximately 44.9% of the issued share capital of isBIM as at the date of this circular
“Board”	the board of Directors
“close associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Closing”	the closing of the Subscription
“Company”	C Cheng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1486)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve the Subscription and the transactions contemplated thereunder, or where the context so admits, any adjournment of such extraordinary general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates

DEFINITIONS

“Investor 1”	Future M Company Limited, a company incorporated in Hong Kong with limited liability
“Investor 2”	AEF Greater Bay Area LPF, a limited partnership fund established in Hong Kong
“Investors”	Investor 1 and Investor 2 collectively
“IPO”	an initial public offering of the shares of isBIM on the Main Board of the Stock Exchange or an internationally recognised stock exchange approved by the board of isBIM (with affirmative approval of the director to be appointed by Investor 1)
“isBIM”	ISBIM Limited (香港互聯立方有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this circular
“isBIM Group” or “isBIM Group Companies”	isBIM and its subsidiaries, each an “isBIM Group Company”
“Latest Practicable Date”	31 August 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Luck”	Max Luck Asia Investment Limited (福盛亞太投資有限公司), a company incorporated in Hong Kong with limited liability and a shareholder holding approximately 14.0% of the issued share capital of isBIM as at the date of this circular
“Mr. Li”	Mr. Li Kwong (李剛), who is a director and the chief executive officer of isBIM and is holding approximately 33.6% of the issued share capital of isBIM as at the date of this circular

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferred Share(s)”	the preferred share(s) created or to be created in the capital of isBIM, including the Series A Preferred Shares
“Qualified IPO”	an IPO yielding at least US\$80,000,000 net proceeds to isBIM at a pre-money valuation of isBIM of at least US\$400,000,000
“Restated Articles”	the amended and restated articles of association of isBIM to be adopted by isBIM prior to Closing
“RMB”	Renminbi, the lawful currency of the PRC
“Series A Preferred Shares”	the Series A-1 Preferred Shares and the Series A-2 Preferred Shares
“Series A-1 Preferred Shares”	the series A-1 convertible preferred shares of isBIM which shall be created upon the adoption of the Restated Articles at Closing
“Series A-2 Preferred Shares”	the series A-2 convertible preferred shares of isBIM which may be created if the Investors decide, at their sole discretion and upon achievement by isBIM Group of certain key performance indicators, to further invest in isBIM in a second tranche investment
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Shareholders Agreement”	the shareholders agreement to be entered into between isBIM, Mr. Li, the Investors, other shareholders of isBIM and each of the subsidiaries of isBIM upon Closing
“Share Subscription Agreement”	the share subscription agreement dated 3 August 2023 entered into between isBIM, Mr. Li, the Company, the Investors and each of the subsidiaries of isBIM in relation to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of a total of 6,185 Series A-1 Preferred Shares by the Investors in accordance with the terms and conditions of the Share Subscription Agreement
“Target Closing Date”	30 September 2023
“Trade Sale”	means, unless waived by the written consent of the Investors: <ul style="list-style-type: none">(a) a merger, consolidation or reorganisation involving isBIM following which Bertrand, Mr. Li, Max Luck, Investor 1 and Investor 2 collectively fail to control (directly or indirectly) 50% or above the voting power of isBIM (but excluding bona fide financing transactions);(b) the transfer, disposition or sale of all or substantially all of the assets of isBIM (including the stock or assets of any subsidiary or group of subsidiaries of isBIM that represent all or substantially all of the assets of isBIM); or(c) the exclusive licensing of all or substantially all intellectual properties of isBIM (but excluding exclusive licenses entered into in the ordinary course of business which do not negatively affect isBIM’s overall ability to further develop and operate its business)

DEFINITIONS

“US\$” the lawful currency of the United States of America

“%” per cent.

This circular has been printed in English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

LETTER FROM THE BOARD



C CHENG HOLDINGS LIMITED

思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1486)

Executive Directors:

Mr. Liang Ronald (*Chairman*)
Mr. Liu Jiang Tao (*Co-chairman*)
Mr. Fu Chin Shing (*Chief Executive Officer*)
Mr. Wang Jun You
Mr. Liu Yong
Mr. Ma Kwai Lam Lambert

Independent non-executive Directors:

Mr. Wong Hin Wing
Mr. Chan James
Ms. Su Ling

Registered Office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

*Principal Place of Business
in Hong Kong:*

15th Floor, North Tower,
World Finance Centre,
Harbour City,
Tsim Sha Tsui,
Kowloon, Hong Kong

6 September 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY AND NOTICE OF EGM

Reference is made to the announcement of the Company dated 3 August 2023 in relation to, among others, the Subscription.

On 3 August 2023 (after trading hours), isBIM (an indirect non-wholly owned subsidiary of the Company), Mr. Li, the Company, the Investors and each of the subsidiaries of isBIM entered into the Share Subscription Agreement, pursuant to which, among others, isBIM conditionally agreed to allot and issue, and each of Investor 1 and Investor 2 conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively.

LETTER FROM THE BOARD

Immediately after Closing, on an as-converted basis, the percentage of the Company's shareholding interest in isBIM will be reduced from approximately 44.9% to approximately 35.0%, and the Company will cease to control the board of isBIM. Therefore, isBIM will cease to be a subsidiary of the Company and the financial results of isBIM will no longer be consolidated into the financial statements of the Company.

The purpose of this circular is to provide you with, among other things, information regarding the resolutions to be proposed at the EGM to approve the Subscription and the transactions contemplated thereunder.

1. THE SHARE SUBSCRIPTION AGREEMENT

Date:

3 August 2023

Parties:

- (1) isBIM, an indirect non-wholly owned subsidiary of the Company;
- (2) Mr. Li;
- (3) the Company;
- (4) the Investors; and
- (5) each of the subsidiaries of isBIM

Investor 1, namely Future M Company Limited, is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MTR Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 66). Investor 2, namely AEF Greater Bay Area LPF, is a limited partnership fund established in Hong Kong and is managed by Gobi Admiralty Limited. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Investor 1, MTR Corporation Limited, Investor 2 and Gobi Admiralty Limited are Independent Third Parties.

LETTER FROM THE BOARD

Subject matter

isBIM conditionally agreed to allot and issue, and each of Investor 1 and Investor 2 conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively. The subscription price of each Series A-1 Preferred Share is at HK\$7,567.53.

Consideration

The consideration payable by Investor 1 and Investor 2 for the Series A-1 Preferred Shares subscribed by each of them shall be approximately HK\$31.2 million and approximately HK\$15.6 million, respectively, which shall be payable by wire transfer to a designated bank account of isBIM at Closing.

The consideration was determined based on arm's length negotiations between the parties which has taken into account, among others, (i) the valuation of comparable companies with similar business activities, industry, size and future prospects; (ii) the net asset value of isBIM; (iii) the business development and performance of isBIM Group; (iv) the future business prospect of isBIM Group; and (v) the reasons and benefits set out in the section headed "Reasons and benefits of the Subscription" below in this letter.

When determining the Subscription price, the Company has conducted an internal valuation on isBIM for the Board's reference. For the valuation analysis, the market approach was adopted in deriving the fair value of the equity interest of isBIM. Under the market approach, the respective price-to-sales ratio ("**PS ratio**"), as of 31 December 2022, from the comparable companies were adopted for valuation analysis for isBIM. The Board has thoroughly considered, among others, the business nature and operating conditions of isBIM, and considered that the price-to-book ratio ("**PB ratio**") and price-to-earnings ratio ("**PE ratio**") are of limited reference value. isBIM is engaged in building information modelling ("**BIM**") software developing, BIM consultancy services and BIM professional training services, thus isBIM has an "asset-light" operating model at which its core sources of revenue and profits are not closely related to its capital expenditures and asset size. Therefore in general, the net asset value has limited reference value and thus PB ratio will not be used for assessment on the value of isBIM.

The Board considered the PE ratio has limited reference value for the assessment of the value of isBIM because the profit of isBIM fluctuated in these years and the fluctuation of net profit may have a great impact on the valuation multiple, the PE ratio therefore has limited reference value for the assessment on the value of isBIM.

LETTER FROM THE BOARD

It is considered that the revenue generated by isBIM can directly reflect its business development. Hence, it is more suitable to use the PS ratio as the reference indicator against comparable companies within the same industry.

The PS ratio of the Subscription is approximately 1.18 times at a fully diluted basis (in the sense that on top of 21,850 issued shares of isBIM, 2,000 outstanding share options of isBIM are also taken into account) with reference to revenue of isBIM in 2022 of approximately HK\$153,486,000. For the avoidance of doubt, with the view that all Series A-1 Preferred Shares will automatically convert to ordinary shares of isBIM at the then applicable conversion rate in the event of a Qualified IPO for the Investors to realise their investments, the class of Series A-1 Preferred Shares is for interim shareholders' protection for the Investors which had been taken into account by the parties in arriving the PS ratio of the Subscription. As such, the parties did not make any further adjustment on the PS ratio of the Subscription at approximately 1.18 times when deriving the subscription price per Series A-1 Preferred Share. Seven comparable companies, engaged in similar industry and comprising companies listed on the Stock Exchange or Shanghai/Shenzhen Stock Exchange, were selected for the assessment on the value of isBIM, and their respective PS ratio are set out as below:

Company name (stock code)	PS ratio <i>(Note)</i>
Shanghai CDXJ Digital Technology Co., Ltd. (603887.SH)	1.09
Runjian Co., Ltd. (002929.SZ)	1.12
Henan Communications Planning & Design Institute Co., Ltd (300732.SZ)	1.26
Huitong Construction Group Co., Ltd. (603176.SH)	1.27
Grand Ming Group Holdings Limited (1271.HK)	1.46
Shanghai Tongji Science & Technology Industrial Co., Ltd (600846.SH)	1.49
China Carbon Neutral Development Group Limited (1372.HK)	1.65

Note: PS ratio by reference to revenue in 2022

In selecting the comparables, the Company has considered the industry in which they engaged (engineer consulting), market capitalisation (each comparable having a market capitalisation of at least HK\$2 billion). Given that isBIM targets to achieve the Qualified IPO and therefore taking into account the size of the Qualified IPO to be over HK\$3 billion in terms of market capitalisation, the Board considered comparable companies with higher market capitalisation can have a higher level of market efficiency which can reflect a robust basis for the valuation analysis. The Company considers the above companies are appropriate comparables and represent the exhaustive list of comparable companies in the Company's valuation exercise of isBIM.

LETTER FROM THE BOARD

Although the current Subscription price with PS ratio of approximately 1.18 times is lower than the average PS ratio (approximately 1.33 times) and the median PS ratio (1.27 times) of the comparable companies selected, the Board considered it is fair and reasonable because (i) the business scale of isBIM is relatively small compared to the comparable listed companies as quoted above, (ii) the lack of liquidity in the shares of isBIM compared to the comparable listed companies as quoted above, and (iii) the Board considered that the introduction of the Investors can bring synergy to the long term growth and development of isBIM and allow isBIM to diversify the shareholders base which will enhance its corporate profile and reputation, thereby increasing its ability to attract future investors and strategic partners. Thus a lower PS ratio is considered as fair and reasonable.

On the basis of the above factors, the Directors consider that the consideration is fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

Conditions to Closing

Closing is conditional upon fulfilment (or waiver, as the case may be) of, among others, the following conditions:

- (1) completion of due diligence exercise of isBIM Group by the Investors in form and substance satisfactory to the Investors;
- (2) the representations and warranties made by Mr. Li and each of the isBIM Group Companies remaining true, complete and correct on the Closing Date;
- (3) the representations and warranties made by each of the Investors remaining true, complete and correct on the Closing Date;
- (4) there being no injunctions and/or legal proceedings prohibiting the parties from consummating the Subscription;
- (5) each party (except the Investors) having performed and complied with all agreements, obligations and conditions contained in the Share Subscription Agreement that are required to be performed or complied with by it on or before Closing;

LETTER FROM THE BOARD

- (6) each party (except the Investors) having duly carried out all corporate procedures that are required under the laws of the Company's and each isBIM Group Company's jurisdiction of incorporation in connection with, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles and the transactions contemplated thereby, including:
 - (i) approval by the board of directors and, to the extent required by the constitutional documents or applicable law, the approval by the shareholders of the execution, delivery and performance by the Company and each isBIM Group Company of, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles, the allotment and issuance of the Series A-1 Preferred Shares to be subscribed by the Investors (including the updates of the register of members of isBIM) and the other transactions contemplated by, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles to which the Company and each isBIM Group Company is a party;
 - (ii) adoption of the Restated Articles by all necessary action of the board of directors and shareholders of isBIM and due filing of the Restated Articles with the Hong Kong Companies Registry;
 - (iii) waivers of all rights of pre-emption in respect of the issuance of Series A-1 Preferred Shares to be subscribed by the Investors;
- (7) one (1) nominee of Investor 1 having been duly elected as a director of isBIM, effective upon Closing;
- (8) one (1) nominee of Investor 2 having been duly elected as a director of isBIM, effective upon Closing;
- (9) all consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any applicable law or regulation of any governmental authority in connection with the execution, delivery or performance by the parties (except the Investors) of, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles or the consummation of the transactions contemplated thereby having been duly obtained or made;

LETTER FROM THE BOARD

- (10) the Company having published and despatched a circular in relation to the Subscription in accordance with the Listing Rules;
- (11) all requirements, if any, imposed on the parties (except the Investors) by the Stock Exchange, the SFC, other governmental authorities and/or under any securities laws in connection with the transactions contemplated under, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles, having been complied with in full;
- (12) there having been since the date of the Share Subscription Agreement:
 - (i) no change having a material adverse effect on the business, operations, properties, financial position (including any material increase in provisions), prospects or condition of any isBIM Group Company; and
 - (ii) no material change in any relevant laws, regulations or policies in any of the jurisdictions in which any isBIM Group Company does business (whether coming into effect prior to, on or after the Closing Date) that, in the opinion of any of the Investors, materially and adversely affects or may materially and adversely affect any isBIM Group Company; and
- (13) there being no governmental authority or other person that has:
 - (i) requested any information in connection with, or instituted or threatened, any action or investigation to restrain, prohibit or otherwise challenge the Subscription;
 - (ii) threatened to take any action to restrain, prohibit or otherwise challenge the Subscription as a result of or in anticipation of the implementation of the Subscription;
 - (iii) threatened to take any action that would, in the reasonable opinion of any of the Investors, materially and adversely affect the operations, assets or financial condition of any isBIM Group Company; or
 - (iv) proposed or enacted any statute or regulation which would prohibit, materially restrict or materially delay implementation of the Subscription or the operation of any isBIM Company after Closing.

LETTER FROM THE BOARD

Any one or more of the above conditions may be waived by the Investors. If any above conditions has not been fulfilled or waived by the Target Closing Date, each Investor may:

- (a) defer Closing to a later date;
- (b) proceed to Closing so far as practicable; or
- (c) terminate the Share Subscription Agreement.

In the case of termination, no party shall have any rights or claims against the other, save for those that expressly survive termination of the Share Subscription Agreement in accordance with the provisions therein.

Closing

At Closing:

- (a) isBIM shall, among others,
 - (i) adopt the Restated Articles;
 - (ii) deliver, or procure to be delivered, to each Investor the Shareholders Agreement, duly executed by each party thereto (save for the Inventors); and
 - (iii) issue and allot the Series A-1 Preferred Shares to the Investors; and
- (b) the Investors shall:
 - (i) pay their respective consideration by wire transfer to a designated bank account of isBIM; and
 - (ii) deliver, or procure to be delivered, to isBIM the Shareholders Agreement, duly executed by the respective Investor.

Others

The Investors may, at each of their sole discretions independent of each other, and upon achievement by isBIM and its subsidiaries of certain key performance indicators, further invest in isBIM in a second tranche investment by subscription for Series A-2 Preferred Shares, and isBIM may allot and issue the Series A-2 Preferred Shares to the Investors. Terms and conditions of the subscription for Series A-2 Preferred Shares, including but not limited to price, number of shares to be subscribed and time of subscription, are subject to further negotiation and agreement between isBIM and the Investors.

LETTER FROM THE BOARD

2. THE RESTATED ARTICLES

At Closing, isBIM shall adopt the Restated Articles. The principal terms in relation to the Series A-1 Preferred Shares in the Restated Articles are summarised as follows:

Dividends and Distributions

Other than on an event of (a) a liquidation, dissolution or winding up of isBIM; or (b) a Trade Sale (each a “**Liquidation Event**”), each Preferred Share is entitled, *pari passu* with the other classes of shares of isBIM, to participate in any dividends or distributions which shall be payable pro-rata on the Preferred Share based on the number of ordinary shares of isBIM into which it is convertible, but only if and when declared by the board of isBIM.

Liquidation Preference

In the event of any Liquidation Event, the holders of Series A-1 Preferred Shares will be entitled to receive, prior and in preference to the holders of the ordinary shares of isBIM, a per share amount for each Series A-1 Preferred Share equal to the greater of: (i) 100% of the applicable series A price per share, plus interest at the rate of 12% per annum, compounded annually from the Closing Date to the date of the Liquidation Event, and plus any accrued but unpaid dividends on each Series A-1 Preferred Share; and (ii) the amount they would be entitled to receive if the Series A-1 Preferred Shares had been converted to ordinary shares of isBIM and sold or disposed of in such Liquidation Event (in case the Liquidation Event is a Trade Sale).

Voluntary Conversion

Holders of the Series A-1 Preferred Shares will have the right to convert the Series A-1 Preferred Shares, at the option of the holder, at any time, and without the payment of additional consideration, into ordinary shares of isBIM. The initial conversion rate for Series A-1 Preferred Shares to ordinary shares of isBIM shall be 1:1 and shall be subject to adjustments as stated in the Restated Articles.

Mandatory Conversion

All Series A-1 Preferred Shares will automatically convert to ordinary shares of isBIM at the then applicable conversion rate in the event of (i) a Qualified IPO; or (ii) the consent of the Investors.

LETTER FROM THE BOARD

Voting Rights

The holders of Series A-1 Preferred Shares will have the right to vote as a single class with the ordinary shares of isBIM on an as-convened basis, except as specifically provided in the Restated Articles, the Shareholders Agreement or as otherwise required by applicable law.

Anti-dilution provisions

If isBIM issues any additional equity securities (subject to the exceptions specified in the Restated Articles) without consideration or for a consideration per share less than the applicable conversion price then in effect immediately prior to such issue, then the applicable conversion price of the affected Series A-1 Preferred Shares shall be reduced concurrently with such issue to a price determined in accordance with the mechanism as stated in the Restated Articles.

3. THE SHAREHOLDERS AGREEMENT

At Closing, isBIM, Mr. Li, the Investors, other shareholders of isBIM and each of the subsidiaries of isBIM will enter into the Shareholders Agreement, the principal terms of which are summarised as follows:

1. After Closing, the board of directors of isBIM shall consist of up to six directors. Each of Mr. Li and Bertrand shall be entitled to appoint two directors, respectively and each of the Investors shall be entitled to appoint one director, respectively. Mr. Li shall be entitled to designate one of his appointed director as the chairman of board meetings who shall have a casting vote where there is an equal number of votes on any resolution in a board meeting.
2. There are board reserved matters set forth in the Shareholders Agreement requiring the affirmative consent or approval by the majority of the total votes of the directors of isBIM (which majority shall include the directors appointed by the Investors):
 - (i) Creating or authorising the creation of any debt security of any isBIM Group Company that would cause such isBIM Group Company's aggregate indebtedness to exceed HK\$5,000,000.
 - (ii) Hiring any employee or consultant of any isBIM Group Company whose annual compensation (including cash and share option compensation) shall exceed HK\$1,500,000.

LETTER FROM THE BOARD

- (iii) Appointment of the chief executive officer, the chief financial officer, the director of products/chief technology officer and the director of sales (or officers with comparable duties irrespective of their title) of isBIM.
- (iv) Any:
 - (a) material modification or amendment of isBIM's existing and/or new share option plan or other equity incentive plan (the "**ESOP**") or any other employee equity incentive plans of any isBIM Group Company,
 - (b) subject to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), increase to the number of equity securities available for issuance upon the exercise of options, warrants or other rights pursuant to the ESOP or any other employee equity incentive plans of any isBIM Group Company, or
 - (c) subject to the Companies Ordinance, grant of any options, warrants or other rights pursuant to the ESOP or any other employee equity incentive plans of any isBIM Group Company.
- (v) Approval of or any major amendments to the annual budget and business plan proposed by the management of the isBIM Group and to be approved by the board of isBIM for the forthcoming fiscal year of the isBIM Group (the "**Annual Budget and Business Plan**").
- (vi) Approval of any transaction or series of transactions between any isBIM Group Company and any related party or connected person of any isBIM Group Company, unless such transaction has been approved in the Annual Budget and Business Plan and provided that any director of isBIM who has a direct or indirect interest in such transaction shall be prohibited from casting a vote.
- (vii) Unless already approved in the Annual Budget and Business Plan, any transfer or disposition, whether by sale, assignment, exclusive license or otherwise, or any incurrence of any security interest, mortgage, pledge, lien or other encumbrance on any material property of any isBIM Group Company or on a substantial portion of the intellectual property of any isBIM Group Company.
- (viii) Any material change in the nature or business scope of any isBIM Group Company.

LETTER FROM THE BOARD

- (ix) Save for those previously approved in the Annual Budget and Business Plan, any transfer, disposition or sale of the entire interest of any subsidiaries of isBIM incorporated in the PRC which (a) contributes more than 10% of the revenue of the isBIM Group in the isBIM Group's latest audited consolidated financial statements, (b) attributes to more than 10% of the isBIM Group's equity valuation (such valuation shall be calculated based on a method approved by the board of isBIM and the director appointed by Investor 1), or (c) owns an intellectual property.
 - (x) Save for those previously approved in the Annual Budget and Business Plan, any issuance of equity securities of any subsidiary of isBIM to any person or entity other than isBIM or any other subsidiary of isBIM.
 - (xi) Approving any expenses that exceed 15% of the net assets of isBIM in aggregate within a twelve-month period unless otherwise approved in the Annual Budget and Business Plan.
 - (xii) Approving any isBIM Group Company to initiate any major legal dispute (whether litigation or alternative dispute resolution) and compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing.
3. There are shareholders reserved matters set forth in the Shareholders Agreement requiring the prior written approval of a majority of the holders of Series A-1 Preferred Share:
- (i) Any amendment to the articles of association of isBIM and/or the Shareholders Agreement in a manner which would adversely affect the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A-1 Preferred Shares.
 - (ii) Any action that authorises, creates or issues any class or series of equity securities of isBIM or increasing or decreasing or otherwise changing the capital structure of isBIM.
 - (iii) The declaration or payment of any dividend or make any payment or other distribution to the shareholders of any isBIM Group Company (whether in cash, securities, property or other assets).

LETTER FROM THE BOARD

- (iv) Any action that repurchases, redeems or retires any equity securities of any isBIM Group Company other than repurchasing, redeeming or retiring at cost upon termination of services or the exercise by such isBIM Group Company of contractual rights of first refusal of such equity securities.
- (v) Any change of the size or composition of the board of any isBIM Group Company or any amendment to provisions of the constitutional documents of any isBIM Group Company or the Shareholders Agreement with respect to nomination, election, appointment or removal of the members of the board of any isBIM Group Company.
- (vi) Making any investment or establishing any subsidiary, partnership, or joint venture not relating to the business of any isBIM Group Company which is not included in the Annual Budget and Business Plan or any dissolution, liquidation or winding up of isBIM or any subsidiary of isBIM or the cessation of all or a substantial part of the business of isBIM or any subsidiary of isBIM.
- (vii) Effecting a Trade Sale or an IPO that is not a Qualified IPO.
- (viii) Approving any transfer and/or pledge of the Shares that may directly or indirectly result in a change of control in any isBIM Group Company prior to a Qualified IPO or Trade Sale.
- (ix) Appointing or removing the auditor of the isBIM Group or any changes in the accounting policy.
- (x) Approving a transaction, or a series of transactions within a twelve-month period, for the assets of any isBIM Group Company with a value of more than 15% of the net assets of the isBIM Group in aggregate, other than transactions for the purchase or sale of inventory in the ordinary course of business of the isBIM Group, unless such transaction is otherwise approved in the Annual Budget and Business Plan. For the avoidance of doubt, the term “series of transactions” shall have the same meaning ascribed thereto under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

4. Subject to the requirements of applicable laws, each of the Investors shall have the right to require isBIM to repurchase any or all of the Series A-1 Preferred Shares held by each of them if isBIM fails to complete a Qualified IPO or a Trade Sale by the fifth anniversary of Closing. The price per Series A-1 Preferred Share to be paid by isBIM to repurchase the Series A-1 Preferred Shares upon the exercise of the repurchase option by Investor 1 and/or Investor 2 (as the case may be) shall be equal to the original price per Series A-1 Preferred Share paid by Investor 1 and/or Investor 2 (as the case may be) pursuant to the Share Subscription Agreement plus interest at a simple rate of five percent (5%) per annum calculated from the date of Closing up to the date of repurchase by isBIM.

5. Mr. Li undertakes to the Investors that commencing from the date of the Shareholders Agreement until two (2) years after the later of: (i) the date of his resignation or departure from the relevant isBIM Group Company; and (ii) the date on which he ceases to hold any equity interests, directly or indirectly, in any isBIM Group Company, Mr. Li and his immediate family members will not, without the prior written consent of the Investors, either on their own account or through any of their affiliates, or in conjunction with or on behalf of any other person:
 - (a) be engaged or invest, directly or indirectly in any business that provides services or engages in a business similar to the business of isBIM Group or any other business engaged by any isBIM Group Company;
 - (b) provide service of any form to any entity engaged in any business that provides services or engages in a business similar to the business of isBIM Group or any other business engaged by any isBIM Group Company; or
 - (c) solicit or entice away or attempt to solicit or entice away from any isBIM Group Company, any director, officer, employee, consultant, supplier, customer, client, representative, business partner or agent of such isBIM Group Company.

6. isBIM and Mr. Li jointly and severally undertake to the Investors that in the event any isBIM Group Company grants, issues, or provides any other person (each, a “**Relevant Person**”) any right, privilege or protection more favourable than those granted to each of the Investors, each of the Investors shall have the right to require, and isBIM and Mr. Li shall procure, that such isBIM Group Company concurrently grants, issues, or provides the same rights, privileges or protections to the Investors, as the case may be, senior to or at least *pari passu* with such Relevant Person.

LETTER FROM THE BOARD

7. Save for certain limited situation such as restricted disposal of up to 220 shares of isBIM currently held by Mr. Li (i.e. approximately 3% of shares of isBIM held by Mr. Li as of Closing) for each 12-month period commencing from three years after Closing and the maximum aggregate number of shares of isBIM that maybe transferred shall be 660 shares of isBIM (i.e. approximately 9% of shares of isBIM held by Mr. Li as of Closing) and transfer of shares of isBIM due to bona fide estate planning purposes, at any time prior to the earlier of the completion of an IPO or the occurrence of a Liquidation Event, Mr. Li shall not transfer, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any encumbrance on any of his shares of isBIM (whether directly or indirectly) or any right, title or interest therein or thereto, without the prior written consent of the Investors.
8. There are terms in relation to pre-emptive right, right of first refusal, right of co-sale and drag-along right.

LETTER FROM THE BOARD

4. INFORMATION OF ISBIM GROUP

isBIM is a company incorporated in Hong Kong on 12 February 2010 with limited liability. As at the date of this circular, isBIM is an indirect non-wholly owned subsidiary of the Company.

The shareholding structure of isBIM as at the date of this circular and immediately after Closing is set forth below:

Name of shareholders	As at the date of this circular			Immediately after Closing		
	Number of ordinary shares	Number of Series A-1 Preferred Shares	Approximate shareholding percentage ⁽¹⁾	Number of ordinary shares	Number of Series A-1 Preferred Shares	Approximate shareholding percentage ⁽¹⁾⁽³⁾
Bertrand	9,800	–	44.9%	9,800	–	35.0%
Mr. Li ⁽⁴⁾	7,340	–	33.6%	7,340	–	26.2%
Max Luck	3,060	–	14.0%	3,060	–	10.9%
Fu Chin Shing ⁽⁴⁾	600	–	2.8%	600	–	2.1%
Liang Ronald ⁽⁵⁾	200	–	0.9%	200	–	0.7%
Lo Kin Nang ⁽⁴⁾	200	–	0.9%	200	–	0.7%
Yu Wing Sze ⁽⁴⁾	200	–	0.9%	200	–	0.7%
Tong Kwok Leung ⁽⁴⁾	150	–	0.7%	150	–	0.5%
Other shareholders	300	–	1.4%	300	–	1.1%
Inventor 1	–	–	–	–	4,123	14.7%
Investor 2	–	–	–	–	2,062	7.3%
Total	21,850⁽²⁾	–	100%	21,850⁽²⁾	6,185	100%

Notes:

- (1) The shareholding percentages have been adjusted by rounding.
- (2) As at the date of this circular, there are 2,000 outstanding share options pursuant to the share option scheme of isBIM as adopted and approved by the Shareholders on 6 June 2018.
- (3) The shareholding percentages are calculated taking into account all shares of isBIM immediately after Closing on an as-converted basis at the conversion rate of 1:1 for the conversion of each Series A-1 Preferred Share into the ordinary share of isBIM.
- (4) As at the date of this circular, isBIM has five directors, namely Mr. Fu Chin Shing, Mr. Li, Mr. Lo Kin Nang, Mr. Tong Kwok Leung and Ms. Yu Wing Sze.
- (5) Mr. Liang Ronald is the chairman of the Board, an executive Director and a substantial shareholder of the Company.

LETTER FROM THE BOARD

isBIM Group is principally engaged in BIM software developing, BIM consultancy services and BIM professional training services. The project nature of isBIM covers smart cities, infrastructure projects, transit projects and large-scale property development.

Set forth below are the consolidated financial information of isBIM Group for the two financial years ended 31 December 2021 and 2022 which are prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December 2021 <i>HK\$'000</i>	31 December 2022 <i>HK\$'000</i>
Net profit before tax	16,212	21,019
Net profit after tax	<u>12,989</u>	<u>18,409</u>

As at 31 December 2022, the consolidated net asset value of isBIM Group was approximately HK\$111.3 million.

5. INFORMATION OF OTHER PARTIES TO THE SHARE SUBSCRIPTION AGREEMENT

The Company

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1486). The Group is principally engaged in the provision of comprehensive architectural services and BIM services.

Mr. Li

Mr. Li is a director and the chief executive officer of isBIM and holds approximately 33.6% of the issued share capital of isBIM as at the date of this circular.

LETTER FROM THE BOARD

Investor 1

Investor 1 is a company incorporated in Hong Kong with limited liability and is principally engaged in holding of investments. Investor 1 is an indirect wholly-owned subsidiary of MTR Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 66). MTR Corporation Limited is principally engaged in railway design, construction, operation, maintenance and investment in Hong Kong, Macau, the PRC and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the PRC; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the PRC; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies.

Investor 2

Investor 2 is a limited partnership fund established in Hong Kong in March 2021 and is principally engaged in providing equity investment to startups founded by entrepreneurs in the Greater Bay Area (“**GBA**”) or operating from the GBA from various industries, particularly artificial intelligence (AI), industry 4.0, consumer goods, fintech, healthcare and sustainability.

Investor 2 is managed by Gobi Admiralty Limited, a company incorporated in Hong Kong with limited liability. As of 2023, Gobi Admiralty Limited has invested in over 70 start-ups across the GBA, and has fostered the growth of multiple unicorns originated in Greater China.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Investor 1, MTR Corporation Limited, Investor 2 and Gobi Admiralty Limited are Independent Third Parties.

LETTER FROM THE BOARD

6. FINANCIAL EFFECT OF THE SUBSCRIPTION ON THE GROUP

Immediately after Closing, on an as-converted basis, the percentage of the Company's shareholding interest in isBIM will be reduced from approximately 44.9% to approximately 35.0%, and the Company will cease to control the board of isBIM. Therefore, isBIM will cease to be a subsidiary of the Company and become an associated company of the Company.

The Subscription will be accounted for as a deemed disposal transaction. Accordingly, the financial results and financial position of isBIM will cease to be consolidated in the financial statements of the Company after Closing. All assets and liabilities of isBIM, including goodwill and intangible assets attributable to isBIM, will be derecognised. The interest in isBIM held by the Company as an associated company will be recognised as an asset according to its fair value initially and measured by using equity method subsequently. The estimated gain on such deemed disposal transaction will be approximately HK\$15 million, subject to the finalised fair value and net assets value of isBIM as at the Closing Date and transaction expenses. The estimated gain is mainly derived from the difference between the fair value of the associated company recognised by the Company and net assets of isBIM derecognised upon Closing, adjusted by the cumulative of other comprehensive income of isBIM that are eligible to be reclassified to profit or loss and the transaction expenses directly attributable to the transaction. Shareholders should note that the actual amount of gain or loss as a result of the Subscription to be recorded by the Company will be subject to review by the auditor of the Company.

7. USE OF PROCEEDS

The gross proceeds from the Subscription are approximately HK\$46.8 million and the net proceeds (after the deduction of related transaction expenses) are expected to be approximately HK\$45.3 million. With an aim to develop isBIM Group, isBIM intends to apply such proceeds for the following purposes and the Directors consider that the proposed use of proceeds in isBIM Group after the deemed disposal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole:

Purposes	Approximate percentage of net proceeds
Expanding the sales channels and partner networks of isBIM Group	35%
Acquiring companies in the software and artificial intelligence sectors and architecture, engineering and construction companies	30%
Investing in research and development of the software as a service ("SaaS") platform and enhancing the artificial intelligence and data analysis capabilities of isBIM Group	25%
Recruiting personnel specialising in the fields of computer visuals and artificial intelligence and forming a team of product sales and marketing of isBIM Group	10%
	<hr/>
	Total: <u>100%</u>

LETTER FROM THE BOARD

8. REASONS AND BENEFITS OF THE SUBSCRIPTION

The services offered by isBIM covers BIM consultancy services, digital transformation consultancy services, cloud based BIM platform development, cloud based project management platform development, sales of IT related products, IT platform integration and BIM professional training services. The project nature of isBIM covers smart cities, infrastructure projects, transit projects and large-scale property development.

Digital transformation in the property development and management market, or digital build, has rapidly expanded. As the industry pivots to modernise its supply chain and working methods to cut carbon, improve site safety, and enhance building quality, such market sentiments advance the wide adoption of digital technologies to drive a greener, smarter, and safer development path. In view of the recent rapid technology focused development in the property market, the Board considers that the introduction of Investor 1 as a shareholder of isBIM will enable isBIM Group to expand the sales of its SaaS platform, which is in line with the business development strategy of isBIM Group.

Further, the Board believes that isBIM Group could leverage the financial resources, industry experience and investment network of Investor 2 by entering into the Share Subscription Agreement which is conducive to isBIM Group's expansion and development in the growing digital-build market. Besides, the introduction of the Investors as shareholders of isBIM will diversify the shareholder base of isBIM and enhance its corporate profile and reputation, thereby increasing its ability to attract future investors and strategic partners, which is beneficial to the long-term growth and development of isBIM Group.

With the growth and development of isBIM Group and eventually achieving a Qualified IPO, the Group will be benefited from the capital gain of its investment on isBIM.

Based on the above, the Directors consider that the Subscription and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

9. LISTING RULES IMPLICATIONS

Given that isBIM will cease to be a subsidiary of the Company immediately after Closing, the Subscription will constitute a deemed disposal of isBIM by the Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 25% but all are less than 75%, the Subscription constitutes a major transaction – disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

10. EGM

An EGM will be convened and held at 6th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 22 September 2023 at 9:15 a.m. for the Shareholders to consider, and if thought fit, to approve the Subscription and the transactions contemplated thereunder. The notice of the EGM is set out on pages 36 to 37 of this circular.

The voting in respect of the Subscription will be conducted by way of poll. As at the date of this circular, Mr. Fu Chin Shing, being an executive Director, the chief executive officer and a substantial shareholder of the Company, is also a director of isBIM and is interested in approximately 2.7% of the issued share capital of isBIM. By virtue of his relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing has abstained from voting on the Board resolutions approving the Subscription and the transactions contemplated thereunder. As at the date of this circular, besides Mr. Fu Chin Shing, (i) Mr. Lo Kin Nang, interested in approximately 0.3% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM; and (ii) Ms. Yu Wing Sze, interested in approximately 0.1% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM. By virtue of their relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing, Mr. Lo Kin Nang and Ms. Yu Wing Sze and their respective close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM. Further, Mr. Li, a director and the chief executive officer of isBIM and holding approximately 33.6% of the issued share capital of isBIM, is interested in approximately 0.1% of the issued share capital of the Company as at the date of this circular. Therefore, Mr. Li is considered to have material interests in the Subscription, and he and his close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

Save for the aforesaid and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this circular, no Shareholders or any of their close associates have any material interest in the Subscription and the transactions contemplated thereunder, and no Shareholders will be required to abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the form of proxy will be deemed to be revoked.

11. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Subscription and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, but are on normal commercial terms or better after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend you to vote in favour of the relevant resolution(s) to be proposed at the EGM approving the Subscription and the transactions contemplated thereunder.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
C CHENG HOLDINGS LIMITED
Liang Ronald
Chairman and Executive Director

APPENDIX I FINANCIAL INFORMATION OF THE COMPANY

1. FINANCIAL INFORMATION

The financial information of the Company for each of the three years ended 31 December 2020, 2021 and 2022, together with the relevant notes thereof are disclosed in the following documents:

- (i) the annual report of the Company for the year ended 31 December 2020, which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900573.pdf>;
- (ii) the annual report of the Company for the year ended 31 December 2021, which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800562.pdf>; and
- (iii) the annual report of the Company for the year ended 31 December 2022, which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501037.pdf>.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2023, being the latest practicable date for the purpose of this statement of indebtedness, the Group's indebtedness includes:

- (i) unsecured bank borrowings of approximately HK\$76,180,000;
- (ii) other interest-bearing borrowings of approximately HK\$3,552,000;
- (iii) lease liabilities of approximately HK\$38,755,000; and
- (iv) financial guarantee of approximately HK\$4,945,000;

Financial guarantee

As at 31 July 2023, the Group provides guarantees amounting to HK\$4,945,000 to secure service performance bonds issued by a bank on behalf of a subsidiary's performance obligation on certain projects.

Unsecured bank borrowings and other interest-bearing borrowings

As at 31 July 2023, the Group's unsecured bank borrowings and other interest-bearing borrowings are unsecured, and the unutilised bank facility as at 31 July 2023 was HK\$86,000,000.

The Directors confirm that as at 31 July 2023, being the latest practicable date for the purpose of this indebtedness statement, save as disclosed above, the Group did not have any issued and outstanding, or authorised or otherwise created but unissued debt securities, term loans, other borrowings, indebtedness, mortgages and charges, contingent liabilities and guarantees.

APPENDIX I FINANCIAL INFORMATION OF THE COMPANY

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the financial resources available to the Group, including presently available banking facilities and other borrowings, expected refinancing of certain bank loans and other internal resources, are of the opinion that the Group will have sufficient working capital for at least the next 12 months commencing from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FUTURE PLANS AND PROSPECTS

Upon Closing, the Group remains focused on comprehensive architectural services. Affected by the significant downturn on the PRC property market, the development of the traditional comprehensive architectural business of the Group faces significant challenges. However, the Group will continue to maintain its business leading advantages while transforming technology, improving efficiency and controlling overall risks. The Group will focus on serving its major financial healthy customers in Hong Kong and the PRC and continue to expand our footprint in the Middle East market. In addition, the Group will grasp the opportunities for the development of the expanding government projects in Hong Kong and the PRC.

In respect of the BIM services business, the Group will cease to maintain a separate revenue segment for BIM services while the Group will continue to provide BIM services as part of its services under the comprehensive architectural services contracts of the Group and will engage isBIM as one of the subconsultants where necessary. To further elaborate, the subconsulting fees charged by isBIM against the Group will be recorded as costs of services of the Group. The Subscription is a significant milestone for isBIM, and the Group is looking forward to its future growth prospects. We, as the major shareholder, are committed to support growth and development of isBIM, and we believe isBIM has a strong business model and together with the new investors, we are confident in its ability to continue to deliver value to its customers and shareholders. At the same time, we recognise that there may be opportunities in the future to realise some of our interest in isBIM, we will explore various strategic options in order to maximise the value of our investment in the future.

The Board will continue to implement prudent and flexible financial policies to bring long-term returns to our Shareholders, while remaining cautious in a rapidly changing environment.

5. MATERIAL ADVERSE CHANGE

The Directors confirm since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, up to and including the Latest Practicable Date, there were no material changes in the financial or trading position of the Company.

1. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

a. Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which: (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long positions

Name of Director	Company/name of associated company	Nature of interest	Number of ordinary shares held	Approximate of percentage of shareholding
Liang Ronald	The Company	Interest in a controlled corporation	69,398,000	24.07%
	The Company	Beneficial interest	6,272,000	2.17%
	The Company	Beneficial interest (<i>Note 1</i>)	17,000,000	5.89%
Fu Chin Shing	The Company	Interest in a controlled corporation	25,662,000	8.90%
	The Company	Beneficial interest	8,724,000	3.02%
	The Company	Interest of spouse (<i>Note 2</i>)	298,000	0.10%
	The Company	Beneficial interest (<i>Note 1</i>)	12,600,000	4.37%
Wang Jun You	The Company	Interest in a controlled corporation	12,940,000	4.48%
	The Company	Beneficial interest	1,450,000	0.50%
	The Company	Beneficial interest (<i>Note 1</i>)	7,800,000	2.70%
	The Company	Interest of spouse (<i>Note 3</i>)	1,100,000	0.38%
Ma Kwai Lam Lambert	The Company	Beneficial interest	250,000	0.08%
	The Company	Beneficial interest (<i>Note 1</i>)	3,000,000	1.04%

Notes:

- (1) These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme.
- (2) Mr. Fu Chin Shing, being spouse of Ms. Chung Wai Chi, Connie, is deemed to be interested in 298,000 shares held by Ms. Chung Wai Chi, Connie under the SFO.
- (3) Mr. Wang Jun You, being spouse of Ms. Li Min, is deemed to be interested in 200,000 shares held by Ms. Li Min and 900,000 underlying shares upon exercise of the share options granted to Ms. Li Min under the Share Option Scheme under the SFO.

Short positions

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

b. Substantial Shareholders' and other persons' interests and short position in Shares and underlying shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the particulars of the corporations or individuals (other than the Directors or chief executives of the Company as disclosed in the above) who had or taken to have an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital as at the Latest Practicable Date:

Name of Shareholder	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Beijing Enterprises Group Company Limited	Interest in a controlled corporation (<i>Note 1</i>)	79,473,780	Long	27.57%
Beijing General Municipal Engineering Design & Research Institute Co., Ltd. ("BMEDI")	Interest in a controlled corporation (<i>Note 1</i>)	79,473,780	Long	27.57%
Beijing Design Group Company Limited	Beneficial owner (<i>Note 1</i>)	79,473,780	Long	27.57%
Rainbow Path International Limited	Beneficial owner (<i>Note 2</i>)	62,198,000	Long	21.57%
Veteran Ventures Limited	Beneficial owner (<i>Note 2</i>)	7,200,000	Long	2.49%
Vivid Colour Limited	Beneficial owner (<i>Note 3</i>)	25,662,000	Long	8.90%
Jun Ming Investments Limited	Beneficial owner (<i>Note 4</i>)	12,940,000	Long	4.48%
Liang Sharon	Interest of spouse (<i>Note 5</i>)	92,670,000	Long	32.14%
Chung Wai Chi, Connie	Interest of spouse (<i>Note 6</i>)	46,986,000	Long	16.29%
	Beneficial owner	298,000	Long	0.10%
Li Min	Interest of spouse (<i>Note 7</i>)	22,190,000	Long	7.69%
	Beneficial owner (<i>Note 8</i>)	1,100,000	Long	0.38%

Notes:

- (1) Beijing Design Group Company Limited is 100% owned by BMEDI and BMEDI is 100% owned by Beijing Enterprises Group Company Limited.
- (2) Rainbow Path International Limited and Veteran Ventures Limited are 100% owned by Mr. Liang Ronald.
- (3) Vivid Colour Limited is 100% owned by Mr. Fu Chin Shing.
- (4) Jun Ming Investments Limited is 100% owned by Mr. Wang Jun You.

- (5) Ms. Liang Sharon, being spouse of Mr. Liang Ronald, is deemed to be interested in the 92,670,000 shares and share options held by Mr. Liang Ronald under the SFO.
- (6) Ms. Chung Wai Chi, Connie, being spouse of Mr. Fu Chin Shing, is deemed to be interested in the 46,986,000 shares and share options held by Mr. Fu Chin Shing under the SFO.
- (7) Ms. Li Min, being spouse of Mr. Wang Jun You, is deemed to be interested in the 22,190,000 shares and share options held by Mr. Wang Jun You under the SFO.
- (8) It represents the interest in 200,000 shares and the interest in 900,000 underlying shares upon exercise of the share options granted under the Share Option Scheme.

Save as disclosed in this circular, so far as was known to the Directors or chief executives of the Company, there is no other person (other than the Directors or chief executives of the Company as disclosed in the above) who had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital as at the Latest Practicable Date.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Director is a director and employee in the following company, which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (i) Mr. Liu Jiang Tao, an executive Director and co-chairman, is the chairman of BMEDI; and
- (ii) Mr. Liu Yong, an executive Director, is the vice general manager of BMEDI.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up).

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors were aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

Other than the Share Subscription Agreement, there is no contract (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the date of this circular, and are or may be material.

10. DOCUMENTS ON DISPLAY

A copy of the Share Subscription Agreement is available at the website of the Company (www.cchengholdings.com) and the HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) for a period of 14 days from the date of this circular.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company is at 15th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
- (c) The Company's Hong Kong branch share registrar and transfer office is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (d) The Company secretary is Ms. Yu Wing Sze. Ms. Yu is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

12. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

NOTICE OF THE EGM



C CHENG HOLDINGS LIMITED

思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1486)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of C Cheng Holdings Limited (the “**Company**”) will be held at 6th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, on Friday, 22 September 2023 at 9:15 a.m. (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Subscription (a copy of the Share Subscription Agreement is tabled at the EGM and marked as “A” and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and any one Director be and is hereby authorised for and on behalf of the Company to execute and deliver all such documents, instrument and agreements and to take all steps as he or she considers necessary, desirable or expedient to implement and/or give effect to the Subscription and the transactions contemplated thereunder.”

By order of the Board

C CHENG HOLDINGS LIMITED

Liang Ronald

Chairman and Executive Director

Hong Kong, 6 September 2023

Registered office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

Principal place of business in Hong Kong:

15th Floor, North Tower,
World Finance Centre,
Harbour City,
Tsim Sha Tsui,
Kowloon, Hong Kong

NOTICE OF THE EGM

Notes:

- (a) The register of members of the Company will be closed from Tuesday, 19 September 2023 to Friday, 22 September 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to attend the EGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 18 September 2023.
- (b) Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
- (d) Completion and delivery of the form of proxy shall not preclude member(s) of the Company from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy previously submitted by such member(s) shall be deemed to be revoked.
- (e) Where there are joint registered holders of any Share(s), any one of such persons may vote at any meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (f) If a tropical cyclone warning signal No. 8 or above is hoisted or a "black" rainstorm warning signal is in force at or at any time after 6:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the website of the Company at www.cchengholdings.com and the HKExnews website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify members of the Company of the date, time and place of the adjourned meeting.

The EGM will be held as scheduled when an "amber" or "red" rainstorm warning signal is in force.

After considering their own situations, members should decide on their own whether or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

As at the date of this notice, the executive Directors are Mr. Liang Ronald, Mr. Liu Jiang Tao, Mr. Fu Chin Shing, Mr. Wang Jun You, Mr. Liu Yong and Mr. Ma Kwai Lam Lambert, and the independent non-executive Directors are Mr. Wong Hin Wing, Mr. Chan James and Ms. Su Ling.

This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.